THE TICKER

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A Method of Forecasting the Stock Market

and of selecting the most desirable purchases. This article explains the methods by which, after the panic of 1903, the subsequent tremendous rise was anticipated; how Reading and Union Pacific, both of which afterward rose more than 100 points, were selected as the most desirable purchases. This idea can be utilized in all m rkets.

Everybody familiar with recent financial history can recollect the "Undigested Securities" panic of 1903 during which the average price of twenty railroad stocks broke from the high record of 129 to 89, and twelve industrials, from 67 to 42.

Of course, every man with a dollar's interest in the market was broke, tied up or disgusted. The large traders, who made money on the way down, got the big-head, over-sold and were caught on the rallies. The little ones —chronic bulls—had lost stocks, money and nerve somewhere in the avalanche, and "the Street" was full of wreckage, lost hopes and lame ducks.

Following these ebb-tide conditions there was a see-saw market wherein stocks swung within a narrow range—"a period of rest and recuperation," which financial physicians assure us is so "beneficial to the market."

But the "whipsaw" market offered no rest and recuperation to the traders, who wanted to get their money back where they dropped it, nor to the bankers and brokers, who looked

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wearily up toward Trinity Church, expecting to see its green lawn extended through Wall and Broad Streets.

I had been a rank bear for two years. I believed, even after what had happened, stocks were only about half way down to where they belonged. Perhaps, I was financially color-blind, but every time I looked at the ticker, I'd have sworn the tape was a deep indigo.

Things had gone on this way till June, 1904. The papers trotted out the "smallest day of the year" headings for their financial columns, indicating a complete standstill.

Suddenly the bearishness in me got a jar that made it sit up and take notice. The City of New York offered an issue of bonds and they were heavily oversubscribed!

"See here, you old bear," I soliloquized, "you'd better size the game up in an unbiased way, or your prejudice will run away with your pocketbook."

Getting My Bearings.

There was a chart-fiend in our office —a wise-looking party, who traveled about with a chart book under his arm, jotting down fluctuations, and disposing, in an authoritative way, of all questions relating to "new tops." "double bottoms," etc. Now, whatever may be claimed for, or brought against stock market charts, I'll say this in their favor, they *do* unquestionably show when accumulation and distribution of stocks is in progress. So I asked my expert friend to let me see his "fluctuation pictures," my thought being that no bull market could take place till the big insiders had taken on their lines of stock.

Sure enough, the charts showed, unmistakably, that accumulation had been going on at the very bottom. Evidently my chart professor was not the only wise one in Wall Street.

Anxious to be alone and away from the ticker in order to think clearly and accurately, the next day, Saturday, found me at a little house "down the creek." As soon as I could break away from my friends there, I jumped into a row-boat, pulled up stream, and finding a quiet nook, pushed her nose into the rush-covered bank. The thought occurred, "If Moses first saw the light in the bullrushes, why may not I?"

For an hour I lay in the bottom of the boat staring at the blue sky and thinking—thinking hard. Then sitting up and taking pad and pencil, I put down, without prejudice, the fol lowing principal factors, bearing on the financial situation.

Unfavorable Factors.

1. The depression in business, especially in the iron, steel and cotton trades.
2. The recent decline in railroad earnings.
3. The discharge by railroad and industrial Companies of thousands of employes.
4. The general decline in business as a result of the previous years' panic.

Favorable Factors.

1. The demand for city bonds shows investment confidence has been sharply awakened and a flood of money held back for the past year, has been let into the security market.
2. Some of the old bond syndicates are winding up. New high grade issues are being rapidly absorbed.
3. The outlook is for good average crops throughout the country.
4. The cotton crop is in exceptionally find shape.
5. Presidential nominations are clearly defined and contain no menace.
6. No tariff agitation is imminent.
7. July disbursements approaching.
8. Pessimism has about run its course.
9. Stock market is broadening.
10. Money is extremely easy and it will be 60 days before the crop movement begins.

That's the way I sized things up, and I felt like a real bear must, when waking from his long winter's sleep.

It was obvious that the unfavorable elements were the result of last year's panic. It was clear as noonday that the market must immediately respond to the bull factors.

I thereupon shed my long fur and started in to grow the finest young pair of horns you ever saw.

Selecting the Most Desirable Stocks.

Having turned bull, I realized that to get the full benefit of the big rise that seemed imminent, I must, without delay, dope out, in the same unbiased way, the most desirable purchases.

The ideal stock to buy, under such conditions, was to my mind, the one likely to show the greatest number of points rise, involve the least risk and require the smallest amount of money. Any "bump-on-a-log" knows that it's better to make two points profit on a stock like Bay State Gas than on one like St. Paul, provided he can make the two points. As this was going to to be a market where a shoestring could grow into a pair of top-boots, I got down to facts and figures at once.

"What is it that makes values?" I cabled across my sea of thought. The answer flashed back, clear and distinct, "Earning Power."

So I concentrated on this subject, which naturally fell into two divisions:

a. Railroad earnings.
b. Industrial earnings.

Now railroad earnings are comparatively easy to get at—have we not our venerable friend, The Commercial & Financial Chronicle, compiling piles of figures for us weekly? It is then, a simple matter to take this publication or the Guide to Values, which occasionally appears in the Wall Street Journal, and estimate present earning power after this method:

Amount applicable to dividends as per last annual report:	$2,400,000
Net earnings show an increase in five months of $250,000 or at the yearly rate of	600,000
Total	$3,000,000
Less increase in fixed charges, resulting from new bond issues	200,000
Available for dividends this fiscal year	$2,800,000

Add two ciphers to the last amount and divide by the capital stock of the road, say in this case, $40,000,000 and you have a present earning power of 7%.

Figured in this way, the actual earnings on *par value* of the stocks considered was:

LIST A.

	%
St. L. & San Fran., 2nd pfd.	13
Union Pacific com.	12.9
Louisville & Nashville	11.
Chicago, Milwaukee & St. Paul	11.
Atchison com.	10.
Illinois Central	9.8
Baltimore & Ohio, com.	9.
Minn., St. P. & S. St. M. com.	9.
Canadian Pacific	8.6
Mo., Kansas & Texas pfd.	8.4
Reading com	8.4
Erie 1st pfd.	8.3
Pennsylvania	8.
Missouri Pacific	8.
Southern Railway pfd.	7.8
Norfolk & Western com.	7.6
New York Central	5.5
Denver & Rio Grande pfd.	5.3
Chesapeake & Ohio	3.4
St. Louis & Southwestern pfd.	3.3
Wisconsin Central pfd.	3.
Chicago & Alton pfd.	2.7
Rock Island pfd.	2.7
Ontario & Western	1.5
Brooklyn Rapid Transit	1.5
Southern Railway com.	1.4
Erie com.	1.2
Wabash B.	1.2
Iowa Central pfd.	1.

It can be seen that every stock on the list was not considered. There was no use figuring stocks like Union Pacific pfd., Baltimore & Ohio pfd. or Atchison pfd. These could be only slightly or sympathetically affected by any rise in the general list, being on practically an investment basis. It was likewise useless to put Wabash pfd. or Rock Island, Iowa Central, Denver and other common stocks in the list because the issues having priority over then as to dividends, showed only small earnings,

Some stocks were discarded, owing to their limited market, undue manipulation, or for various other reasons.

Weeding Them Out.

But it is one thing to know what a road is earning, and another to consider this earning power in relation to the market price of its stock. Viewed solely from the standpoint of earnings, a stock earning 3% and selling at 50 is not so cheap as one earning 7% and selling at par.

Therefore, I rearranged my list, setting down the then market price of each stock and figuring what rate was being earned on this price. For example: St. Louis & San Francisco 2nd pfd. was earning 13% on par ($100). If it had been selling at 50, it would have shown 26% on that price; but as its price was 46 at the time these earnings were equal to 28% on the price. and with that percentage, it topped the list.

This, by the way, is the simplest and most accurate method I know, of forecasting a rise in any particular stock, provided the advance is not manipulative or due to special causes. I have tested it out in many ways and the results at times have been almost magical. On one occasion, a stock selling below 40 headed the list with an earning power of over 20%. Calling the attention of a few of my friends to it, we bought some, then gave the figures to the press. The stock rose, the public bought and insiders who had evidently been quietly accumulating it on the strength of its earning power, grabbed more at higher figures. With hardly a reaction, there was a 40 point rise and everybody must have made money. We got ours.

Well, here's the way this bunch of stocks lined up, and the last column tells the story:

SHORT AND LONG.

	Barnings on par	Pce.	Present Div.	$ earned on pce.
St. L. & San Fran. 2nd pfd.	13.	46	4	28
Mo., Kan. & T. pfd	8.4	36		23
Reading com.	8.4	47		17⅞
Union Pacific com.	12.9	88	4	14⅝
Erie 1st pfd.	8.3	58	4	14⅜
Norfolk & Western	7.6	56	3	13½
Minn., St. P. & S. St. M. com.	9.	67		13¼
Atchison common	10.	72	4	13
St. L. & So. W. pfd	3.3	29		11⅜
Baltimore & Ohio	9.	80	4	11¼
Louisville & Nash.	11.	110	5	10
Chesapeake & Ohio	3.4	31	2	10
So. Railway pfd.	7.8	85	5	9
Missouri Pacific	8.	93	5	8⅝
Wisconsin Cen. pfd.	3.	38		7⅞
Chic., Mil. & St. P.	11.	144	7	7⅝
Den & R. Gr. pfd.	5.3	71	5	7½
Illinois Central	9.8	132	6	7½
Chicago & Alton	2.7	38		7
Pennsylvania	8.	116	6	6⅞
Southern Ry. com.	1.4	21		6⅝
Canadian Pacific	8.6	125	6	6½
Ontario & Western	1.5	26		5¾
Erie common	1.2	24		5
New York Central	5.5	116	5	4¾
Rock Island pfd.	2.7	64	4	4¼
Iowa Central pfd.	1.	35		3
B'klyn Rap. Trans.	1.5	48		3
Wabash B	1.5	60		2

You see the first table is all right in its way, but to judge by it alone, would be like trying to estimate the comparative height of each man in a group standing on different steps of the City Hall. This last line-up puts them all on a common level, so it's an easy matter to take their respective measurements.

San Francisco 2nd pfd. and Union Pacific showed up well on the second test, but note how Louisville and St. Paul dropped back—their price had apparently discounted their earnings. Also note how some of the speculative favorites such as New York Central, Erie and Brooklyn Rapid Transit shriveled up under the rays of this searchlight. Just try this at any time on individual stocks or the whole list and see how warped your ideas of value are apt to become, from over-absorption of newspaper "guff."

Union Pacific held its place fairly well in the second table, while sensational jumps from far down the column to second and third places respectively were made by Missouri, Kansas & Texas pfd. and Reading common. Here were two stocks paying no dividends but selling at low prices and earning sufficient to warrant dividends. Reading especially appealed to me on account of its technical position in the market. Still, I was not going to be influenced by sentiment, guesses or "thinks" in this investigation. It must be a cold-blooded analysis.

So I applied the final "acid" test, taking each stock individually and putting to its debit or credit whatever facts, within my knowledge, might affect its future market quotations. The first was:

St. Louis & San Francisco 2nd pfd.;

and the arguments in its favor were, besides its earnings of 13% on par and 28% on its market price, the fact that it was a 4% dividend payer and at the prevailing price (46) netted the investor 9%. The cotton crop along its line was, according to report, in excellent condition and net earnings were showing a handsome increase over last year. The stock was only 6½ points from its low water mark.

On the other hand, the issue was suspiciously low for one paying 4% dividends; the road's finances were not in very solid shape, its Rock Island parentage did not help it any; as an uncertain dividend payer, limited to 4% it could hardly rise above 75 or 80; the market for the stock was narrow, making it difficult to trade in satisfactorily and it would be hard to sell, in case of a bad break. Conclusion as to this stock—Buy little, if any.

Missouri, Kansas & Texas pfd. Earning 8.4% on par and 23% on its market price. Earnings show substantial increases. The number of cars moved and the fine cotton crop foreshadow continued increases for months to come. The stock is only five points from the lowest in four years, and the chart shows accumulation; BUT—an officer of the road tells me that the company's policy for another year or two will be to pay no dividends, as surplus earnings are required to build up the property. Therefore until the stock graduates into the dividend class, there is not likely to be over a twenty or thirty point rise on "prospects" and in sympathy with the rest of the market.

I'd buy the common of this road if any, for these reasons: If Missouri, Kansas & Texas pfd. has a speculative rise, the common will follow. The common has a better chance of going from 16 to 32 than the preferred has to go from 37 to 74. With a five point margin, I can probably make 300% on the money involved, with little or no risk, as the lowest point touched by the common in four years was 14½. Present price 16. So my Supreme Court handed down a decision in favor of Missouri, Kansas & Texas common and Congress appropriated enough to buy a small block.

Reading common,

the third highest candidate showed 8.4% earned on par and about 18% on the price. The first preferred of this road had paid 4% for a number of years, the second preferred had recently gone on a 4% basis, and the large increases in net earnings, with accompanying decreases in operating expenses, proved that the upbuilding of the road and equipment, to a high standard, was about completed.

The common was paying no dividends, selling at a price only ten points from the lowest in three years and contained immense possibilities. Control of Reading was, to a great extent held by Lake Shore and Baltimore & Ohio, whose holdings, added those of affiliated interests and investors, left only a small floating supply. Reading occupied a dominant position in the coal trade and this industry was in exceptionally prosperous shape.

I realized that the stock was at that moment in its transition state from a low-priced speculative foot-ball to a high-priced dividend payer; also that

there would be a rush to buy as soon as insiders were ready, or the public "got wise." I grew to be a monomaniac on Reading and told my friends there was only one stock on the list.

Decision on Reading: Buy all you can carry! It will soon pay at least 4% and then the net return on present price (47) will be nearly 10%. It should rise well above par within a year. Never sell it! Hand it down to your grandchildren.

Union Pacific Common.

Earning 12.9% on par and 14⅝% on its market price. Pays 4% dividends and its high credit is shown in the fact that at present price (88) it nets investors only 4½%. It could double present dividends and leave a large surplus. Has an immense equity in Southern Pacific and when dividends on the latter are begun, Union Pacific should show about 16% earned on its common stock.

There is every reason to expect increased dividends shortly and the possibilities in subsequent years are enormous. It is twenty-two points from is lowest and forty five from its highest since 1901. It is the leader of the market and the action of the stock on the tape is masterly and points unmistakably toward a higher level.

Buy Union Pacific for a rise of fifty to eighty points.

Choosing an Industrial.

This was sufficient to satisfy my requirements in the railroad list, as I hadn't more than a barrel of money to use anyway and wanted to add one good industrial to my list. The same method was not open to me here. Few industrial concerns submit such frequent and complete reports as do the railroads. However, I went through the list, from Allis-Chalmers to Wisconsin Central, in search of something tangible on which to base an opinion.

I lacked confidence in industrial statements. Having occasion frequently to roughly analyze some of those issued by corporations of prominence, I had found glaring discrepancies, sometimes running into millions of dollars. Upon calling these to the attention of high officials I was assured that it was I who was in error; and, although I finally proved my case, their future statements were not corrected. Query: If these out croppings appeared on the surface, what must be conditions underground? With no fine details to guide me as in the former list, I was obliged to resort, in a way, to a rather broad method of reasoning.

"What industrial," I asked myself, "will probably show the quickest and greatest response to improved financial and commercial conditions?"

The question almost answered itself, for, next to the crops, is not the most important commodity, iron; and does not the thought of iron instantly suggest steel—United States Steel?

So I sat down to analyze the situation on U. S. Steel common and preferred, and as the picture progressed, and the detail was added, it began to look like another opportunity.

U. S. Steel.

Disregarding the first mortgage bonds, which were comparatively inactive, I found that the sinking fund bonds, together with the preferred and common stocks had shown a combined shrinkage from the high prices of something like 450 millions of dollars in market valuation. This must surely have eliminated much of the water. The preferred stock was paying its 7% but was not earning it. The price (50) discounted a cutting in two of the dividend rate.

The common stock, selling at 10 having in its long decline from 55, ruined or crippled more people than any other stock in history, was now in the hands of people who could hold it against any further decline.

As most brokerage houses insisted upon payment for it in full, there was little held anywhere, except by those who owned it outright. This placed Steel Common in a comparatively strong position marketwise.

In the first years of its history, the 4% dividend had been earned several times over, and as my chart and compass showed we were again approach-

ing the smooth waters of prosperity, I figured that those times of big earnings must shortly return.

I reasoned: the consumption of steel in the United States doubles every ten years and in a few years, at the present rate, U. S. Steel will have an output equal to the entire American production of steel in 1900.

Since organization, it has put nearly 200 million dollars into betterments and new plants. The common stockholders must eventually get the entire benefit of this, as the preferred is limited to 7%.

Its manufacturing costs have been greatly reduced and new economies are constantly being put into practice. From every standpoint, it is the controlling factor in the trade. After another period or two of prosperity, it should, beside making enormous appropriations for improvements and additions, pay large dividends—large enough to warrant the stock selling, in time, at $200 or $300 a share. For it will have no financing to do; surplus earnings will be large enough to cover all requirements and build new plants as needed. With the cumulative earnings of these new plants future earnings should be stupendous.

Therefore, Steel Common should be bought, paid for in full, put away and never sold! When it returns to a 4% dividend basis, it will net 40% on the present cost—$10 per share When in a few years, it pays 10%, the net return will be 100% every year!

The future possibilities in Steel Common are greater than Reading or any other stock on the list.

The Results.

The list of "Best Buys" then read:

READING COMMON at 47 for dividends and a rise of fifty points within six months.

UNION PACIFIC COMMON at 88 for increased dividends and big profits in the near future.

STEEL COMMON at 10 for a long pull and immense returns, with minimum risk.

MISSOURI, KANSAS & TEXAS COMMON at 16 for a safe little double-your-money gamble.

* * * *

How well these stocks bore out this forecast, was shown in the great rise which started within a few days and ended two years later.

READING went on a 4% basis and sold at 164;

UNION PACIFIC paid 10% and sold at 195¼.

MISSOURI, KANSAS & TEXAS rose to 40⅝.

STEEL COMMON resumed dividends, advanced to 50¼, and bids fair never to go back to its low level.

This is a specimen of the money-making articles which each issue of "THE TICKER" *will contain.*

A Move in Southern Railway.

The psychological effect of a pronounced movement either way, as recorded on the ticker tape is the manipulator's most potent argument. For example:

I was sitting in an office one day with some large operators, at a time when the ticker was at a dead standstill. One would have thought, from the silence of the instrument, that every broker had left the floor.

Some one said, "Let's make up a little pool in Southern Railway! I'll buy a thousand, if you will." A few thousand shares were bought—all at one price. "It came easily," was the comment. Then one or two friends were told, Southern Railway was "going up" and following the round lot originally purchased, there appeared on the tape a number of small lots at fractional advances.

One familiar with the subject could almost hear the expressions arising from about the hundreds of tickers in other offices, where, of course, every transaction was simultaneously recorded. "They're buying Southern Railway!" "Something doing there!" "I was told "get in" when I saw it move!" "Buy me five hundred at the market," etc., etc.

In a few minutes Southern Railway was up a point and a half, the whole market had felt the impetus and the instigators had taken their profits.

That afternoon, the papers told of "Morgan buying Southern Railway," and all the old rumors and ghosts of rumors were duly resuscitated, revamped and rejuvenated by the financial wiseacres.

The incident was a splendid demonstration of the law of suggestion and gave one an intimate view of what doubtless is the anatomy of many a market movement.

If all the dreams that have tickled the fancies of speculators were to come true; if all the castles reared in "The Street" were to be transformed into reality, progress would cease and for the very want of poverty, financial ruin would stare the world in the face.

Market 'Rithmetic

Many people hesitate to deal in securities or commodities owing to their lack of technical knowledge of the subject. This, to our mind, indicates false pride. There was a time when you knew nothing about the business or profession you now follow, but that did not deter you from making a start. Our greatest operators were once green hands at the business.

General Instructions

If you desire to deal in Stocks, Bonds, Cotton or Grain, the first requisite is to open an account with the banker or brcker with whom you have decided to deal. This is done by remitting the necessary margin in the form of a certified check, bank draft, post-office or express order. Or you may deposit funds in your own bank for account of the broker, instructing the bank to notify him by mail, or by telegraph if expedient. Bear in mind, the broker must have your remittance, or be notified that your margin is in the bank to his credit, before he can execute your orders.

Margins

	USUAL MARGIN REQUIRED	EQUAL TO
STOCKS	$5 to $25 per share	$500 to $2500 on 100 shares
BONDS	$50 to $100 per bond	$500 to $1000 on $10,000 bonds
COTTON	$1 to $2 per bale	$100 to $200 on 100 bales
GRAIN	3c. to 5c. per bushel	$150 to $250 on 5000 bushels
PORK	$1 per barrel	$250 on 250 barrels
RIBS	½c. per pound	$250 on 50,000 pounds
LARD	$2 per tierce	$500 on 250 tierces

These margins are the smallest received. You may, however, deposit larger margins if you wish, when the trade is first made or at any time thereafter. Some traders believe they are "beating down" a broker when they induce him to accept a small margin. In reality they are beating themselves down, for the surest way to lose money in the markets is to trade on thin margins. In extremely active markets, larger margins than the above may be required by the broker.

Minimum Trades

STOCKS.—Usually brokers prefer to execute orders in 100 share lots. Upon request, THE TICKER will recommend reliable houses which handle smaller lots on margin. All houses buy and sell small lots for cash.

COTTON.—100 bales.
GRAIN.—5,000 bushels.
PORK.—250 barrels.
RIBS.—50,000 pounds.
LARD.—250 tierces (340 lbs. to the tierce).

Commission Rates

NEW YORK STOCK EXCHANGE.—STOCKS—For buying or selling, ⅛%, equal to 12½c. per share on stocks of $100 par and 6¼c. per share on those of $50.
BONDS—$1.25 per $1,000 of face value.

NEW YORK COTTON EXCHANGE.—$15 for buying and selling 100 bales (round turn).

CHICAGO BOARD OF TRADE.—
GRAIN—⅛c. per bu. for the round trade, equal to $12.50 on 10,000 bushels.
PORK—$12.50 on 250 bbls., round trade.
RIBS—$12.50 on 50,000 lbs, round trade.
LARD—$15.00 on 250 tierces, round trade.

Fluctuations

	SMALLEST CHANGE	EQUIVALENT TO
STOCKS AND BONDS	⅛ of 1%	$12.50 on 100 shares of $100 par
COTTON	1 point, viz.: 9.20 to 9.21	$5 per 100 bales
GRAIN	⅛c. per bushel	$6.25 on 5,000 bushels
PORK	2½c. per barrel	$6.25 on 250 barrels
LARD	2½c. per 100 lbs.	$21.25 on 250 tierces
RIBS	2½c. per 100 lbs.	$12.50 on 50,000 lbs.

Placing Orders

Orders should be given in either of the following forms:

Buy 100 X. Y. Z. at (state price);
or,
Buy 100 X. Y. Z. "at the market."

The latter means at the best possible price, whether you are buying or selling. If your order is at a definite price, the broker always understands you wish to buy at that figure "or better."

In placing an order at a fixed price, always state whether it is good for that day only, or "G. T. C." (good till countermanded). When nothing is said on this point, orders are generally considered good only for the day of their receipt.

Rules of a Successful Speculator

The rules here laid down were written and followed by Dickson G. Watts, one of the shrewdest and most successful cotton speculators this country has ever known. They apply with equal for:e to all markets. Although promulgated years ago, this is still recognized as a masterpiece on the subject of speculation.

The following "Universal Laws" are applicable to speculation as conducted on the exchanges of this country.

These laws are two groups:—laws absolute and laws conditional.

Laws Absolute.

1. Never overtrade. To take an interest larger than the capital justifies is to invite disaster. With such an interest, a fluctuation in the market unnerves the operator, and his judgment becomes worthless.

2. Never "double up"; that is, never completely and at once reverse a position. Being "long", for instance, do not sell out and go as much "short." This may occasionally succeed, but is very hazardous, for should the market begin again to advance, the mind reverts to its original opinion and the speculator "covers up" and "goes long" again. Should this last change be wrong, complete demoralization ensues. The change in the original position should have been made moderately, cautiously, thus keeping the judgment clear and preserving the balance of mind.

3. "Run quick" or not at all; that is to say, act promptly at the first approach of danger, but failing to do this until others see the danger hold on or close out part of the interest.

4. Another rule is, when doubtful reduce the amount of the interest; for either the mind is not satisfied with the position taken, or the interest is too large for safety. One man told another that he could not sleep on account of his position in the market; his friend judiciously and laconically replied: "Sell down to a sleeping point."

Laws Conditional

These rules are subject to modification, according to the circumstances, individuality and temperament of the speculator.

1. It is better to "average up" (pyramid) than to "average down." This opinion is contrary to the one commonly held and acted upon; it being the practice to buy and on a decline buy more. This reduces the average. Probably four times out of five this method will result in striking a reaction in the market that will prevent loss, but the fifth time, meeting with a permanently declining market, the operator loses his head and closes out, making a heavy loss—a loss so great as to bring complete demoralization, often ruin.

But "buying up" is the reverse of the method just explained; that is to say, buying at first moderately and as the market advances adding slowly and cautiously to the "line." This is a way of speculating that requires great care and watchfulness, for the market will often react to the point of average. *Here lies the danger. Failure to close out at the point of average destroys the safety of the whole operation.* Occasionally a permanently advancing market is met with and a big profit secured. In such an operation the original risk is small, the danger at no time great, and when successful the profit is large. This method should only be employed when an important advance or de cline is expected, and with a moderate capital can be undertaken with comparative safety.

2. To "buy down" requires a long purse and a strong nerve, and ruin

often overtakes those who have both nerve and money. The stronger the nerve the more probability of staying too long. There is, however, a class of successful operators who "buy down" and hold on. They deal in relatively small amounts. Entering the market prudently with the determination of holding on for a long period, they are not disturbed by its fluctuations. They are men of good judgment, who buy in times of depression to hold for a general revival of business—an investing rather than a speculating class.

3. In all ordinary circumstances my advice would be to buy at once an amount that is within the proper limits of capital, etc., selling out at a loss or profit. according to judgment, being careful always to *stop losses and let profits run*. If small profits are taken, then small losses should be taken. Not to have the courage to accept a loss and to be too eager to take a profit, is fatal. It is the ruin of many.

4. Public opinion is not to be ignored. A strong speculative currect is for the time being overwhelming, and should be closely watched. The rule is, to act cautiously with public opinion, against it, boldly. To so go with the market even when the basis is a good one, is dangerous. It may at any time turn and rend you. Every speculator knows the danger of too much "company." It is equally necessary to exercise caution in going against the market. This caution should be continued to the point of wavering—of loss of confidence—when the market should be boldly encountered to the full extent of strength nerve and capital. The market has a pulse, on which the hand of the operator should be placed as that of the physician on the wrist of the patient. This pulse-beat must be the guide when and how to act.

5. Quiet, weak markets are good markets to sell. They ordinarily develop into declining markets. But when a market has gone through the stages of quiet and weak to active and declining, then on to semi-panic or panic, it should be bought freely. When, vice versa, a quiet and firm market develops into activity and strength, then into excitement, it should be sold with great confidence.

6. In forming an opinion of the market the element of chance ought not to be omitted. There is a doctrine of chances—Napoleon, in his campaigns, allowed a margin for chances—for the accidents that come in to destroy or modify the best calculation. Calculation must measure the incalculable. In the "reproof of chance lies the true proof of men."

7. It is better to act on general than special information (it is not so misleading). General information includes the state of the country, the condition of the crops, manufactures, etc. Statistics are valuable, but they must be kept subordinate to a comprehensive view of the whole situation. Those who confine themselves too closely to statistics are poor guides. "There is nothing," said Canning, "so fallacious as facts except figures."

8. "When in doubt do nothing." Don't enter the market on half conviction;wait till the convictions are full matured.

9. I have written to little purpose unless I have left the impression that the fundamental principle that lies at the base of all speculation is this: *Act so as to keep the mind clear, its judgment trustworthy*. A reserve force should therefore be maintained and kept for supreme moments, when the full strength of the whole man should be put on the stroke delivered.

How to Gauge the Cotton Market

Factors the Trader Must Watch if He Would Gain Success.

The cotton trader does not have to look outside of his immediate home territory for the factors that are likely to influence the market. It is true that there is no lack of such influences right here at home, but they are of a sort that you can get at in an intelligent manner, so as to form satisfactory and positive conclusions.

The entire world, it may be said, looks to the United States for its supply of raw cotton. India produces some cotton, but not enough to entitle it to be regarded as in any sense a competitor. About three-quarters of our cotton crop is shipped to England and the Continent, there to be made up into cotton goods of every description and exported all over the world. A small portion of the crop goes to China and Japan, and the balance is consumed by American mills.

The cotton "year" begins on September 1st and ends on August 31st, and the so-called "popular" options are those which are due for delivery in January, March, May, July, September, October and December.

The wideawake trader commences watching the indications for the new crop in March, when plowing begins. He watches the weather, to observe if it is favorable for farm work, so as to get a line on the probable increase or decrease in acreage; he studies the conditions of the planting season, and the amount of fertilizer used, and the scarcity or abundance of labor, and from week to week follows the progress of the growing crop as closely as possible—because the answer to the riddle as to whether the future price is to be higher or lower is simply a question of supply and demand. And this constant study of the crop conditions gives him some idea as to what the *supply* is going to be.

As for the demand—the takings of spinners, the weekly mill consumption, and the sold-ahead or evened-up condition of the manufacturers at home and abroad—reliable statistics furnish this information constantly. Incidentally I might say that the successful trader has to watch the drygoods market about as carefully as he

does the cotton market, for this is the "business" end of the cotton proposition.

The problematical end, the actual growing of the crop, is subject to constant changes, but it is comparatively easy for the clever trader to keep himself informed as to these changes, as reports come to hand daily from every section of the cotton belt. Once a week during the growing season the Government reports on the weather throughout the belt and the condition of the crop, respecting its loss or gain in condition, and a percentage report is issued every month.

The Government also makes public, on June 3rd, the total number of acres planted, and on December 3rd submits an official estimate of the total number of bales grown, and this is followed by occasuonal reports as to the number of bales actually ginned. Hence it will be seen that the cotton trader has always at his disposal information from reliable sources that is calculated to help him greatly, if he knows the value of it and understands how to use it.

The "spot" market—the market for actual cotton—is really the backbone of the speculative market. The prices for futures" may run away from a parity with "spot" quotations, but they are bound to come back again. Sometimes the "spot" price and the "future" price meet each other half way, but the quotations for "spot" cotton are always a good indication of the strength or the weakness of the speculative situation.

How to Figure Cotton Profits.

A "speculative" bale of cotton weighs 500 pounds. A bale of actual cotton generally weighs a trifle more than 500 pounds. But in giving orders for the purchase or sale of "futures" you always state the number of bales desired. The exact weight is not considered, each bale being supposed to weigh, as stated, 500 pounds.

A "point" in cotton is one one hundredth of a cent per pound. That is to say, quotations for cotton "futures" always refer to the price *per pound*, not the price per bale.

For example, if the July option opens on a certain morning at 9.68 and closes that day at 9.79, you say that its net gain for the day was eleven points.

And if the July option opens at 9.68 and closes at 9.88, you say that it has advanced 20 points, or a dollar a bale. If in the course of a spirited advance it should rise from 9.68 to 10.68, you would say that cotton had gone up a whole cent a pound, or five dollars a bale, or one hundred points—whichever term you prefer to use.

If you have bought 100 bales, every point that the price advances means a profit of $5. If you do not close your trade until the price has gone up a cent a pound, or 100 points, you make a profit of $500.

Suppose you buy 300 bales at 10.17 and sell out at 10.35, which is a normal day's movement in a fairly active market. The difference between your purchasing and selling price is 18 points. Strike off 3 points for your broker's commission, and you have remaining 15 points net profit. To find your actual profit in dollars, therefore, you multiply the 15 points by 5, which gives you $75 as your actual profit on 100 bales. and this you multiply by 3 so as to get your actual profit on the 300 bales, or a total net profit on the deal of $225.

Cotton futures can be sold "short" just the same as wheat or stocks. Suppose you sold 200 bales "short" at 10.82, and closed the deal by "covering" them or buying them in at 10.61. The difference between your purchasing and selling price is 21 points—the fact that you sold first and bought afterwards does not alter the method of figuring at all. You have simply this to consider: that you sold at 10.82 and bought at 10.61, or bought at 10.61 and sold at 10.82, whichever way you choose to look at it, and the difference is 21 points. Strike off the 3 points for broker's commission, and you have remaining a net profit of 18 points, which, multiplied by 5, is $90 on 100 bales, or a total net profit of $180 on your 200 bales.

An easy way to estimate profits mentally is to remember that every 20 points the market moves in your favor means a profit of as many *dollars* as you are carrying *bales*. For instance, if you are carrying 100 bales and the market goes up 20 points, you then have a profit of 100 dollars.

Or, if you are short 200 bales and the market goes down 20 points, you then have a profit of 200 dollars; and if the price goes down another 20 points you then have an additional profit of 200 dollars. In other words, every 20-point movement in your favor increases your profit to the extent of $1 for every bale you are carrying.

A loss is figured in the same way, except that you *add* the 3 points for broker's commission, instead of deducting it. Suppose you buy 100 bales at 10.43 and sell out at 10.37. The difference between the buying and selling price is 6 points, but in this case you add the 3 points for broker's commission, making a 9-point loss to figure, or a total loss on your 100 bales of $45. This, of course is precisely the same as you figure when dealing in wheat or stocks, with the exception that the commission charge in cotton is smaller than in wheat or stocks.

The three principal cotton Exchanges are located at New York, New Orleans, and Liverpool, England. The trading hours on the New York Cotton Exchange are from 10 A. M. to 3 P. M., excepting Saturdays, when the market opens at 10 A. M. and closes at noon.

It is said, "The minute you buy you become a bear," that is, having bought, the only way you can realize a profit is to sell. If the price rises so as to permit you to take a profit, your anxiety to sell increases in ratio to the advance.

In case of a decline, one unconsciously measures the lessening distance between safety and danger as represented by the remaining margin and as prices crumble judgment is thrown to the winds and the fear of loss develops into an irresistible impulse to sell and save what remains.

A TIP TO TICKERITES

BY ROLLO TAPE.

I've heard a lot of growling from you fellows on the high stools, all because your orders weren't executed promptly.

Naturally, when a trader gives an order and sees strings of sales coming out on the tape before his very eyes, he wonders if his broker has dropped dead or if the phone is out of business. Three, four, five minutes pass; he gets rattled, cancels the order and raises—well he makes the deuce of a row because he can't get a report.

Now there's a good deal to be said on both sides. There may be ten times as much offered as there is wanted at your price. With ten sellers to one buyer, 90% of the sellers are bound to get left, spite of the transactions representing the 10% which you see on the tape. Your broker is probably matching quarters to see if he can't get your order filled and yelling himself hoarse in an effort to earn his commission.

If you were the broker in that pushing, sweating, rough-house crowd, you'd probably swear at the "guy in the office," who gave you the order. Never thought of that, did you?

You see, sticking close to the ticker, as I do, and being connected as I am by private wire with "the floor," I can take in both sides of most any market mixup.

So listen, you on your perches, and may you write me one of those "Dear Doctor" letters, "after using."

The remedy lies in using the "Immediate Order."

It's the only thing for quick, in-and-out, grab-a-profit, office trading.

When you give your order to buy or sell, just say, "Immediate," that means the broker must *execute the order instantly or cancel it and quote the market.*

Of course, this does not apply to orders "at the market" as the broker

is compelled to execute these at the best obtainable price. "Immediate" orders should be used only when a price limit is given.

By this method, instead of delay, you get either the quick report of an execution, or advice that the order is cancelled and the market is "so and so."

You then size things up and give a new order at whatever price your judgment dictates.

The point is—*You know where you're at, instantly!*

No sitting with hands tied, watching the market slide away from you.

The "Immediate Order" saves delay.

It often prevents a loss.

It's great.

Try it.

Note:—Rollo Tape would like to hear from traders who have ideas, methods or stories to submit. This department aims to make office trading more profitable to the man behind the tape. Send in anything that will show your fellow traders how to make a profit or save a loss.

The best equipped man in "The Street"—the fellow who wears ear muffs.

Picture of the man who knows just which way the market is going.

If based on his advice operations are invariably successful.

Future Issues

of THE TICKER will contain articles on:

- Floor and office trading.
- Following the trend.
- Scalping.
- The average system.
- Pyramiding.
- Tape reading.
- Out-of-town trading.
- The chart as a guide, etc.

FOR INVESTORS.

- Investment science.
- Business men's bonds.
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- Short term notes.
- Expert methods.
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FOR THE NOVICE.

Explanatory articles on

- Stop orders.
- Short sales.
- Dividends.
- Puts and calls.
- Gold shipments, etc.

And others too numerous to mention.

The annual subscription price of THE TICKER is Three Dollars—six cents a week.

Can you afford to miss a single number with its profit-generating suggestions?

Don't bother to write a letter—just fold your check in the enclosed subscription blank, sign your name and mail.

Inquiry Column

What do you want to know about trading or investing in securities or commodities?

Is it something regarding opening an account, margins, commissions, stop orders or other kinds of orders?

Do you want to know a reliable house in your locality where you can safely trade?

In fact, is there any point in connection with the science, methods or customs of the various markets which you would like to have elucidated?

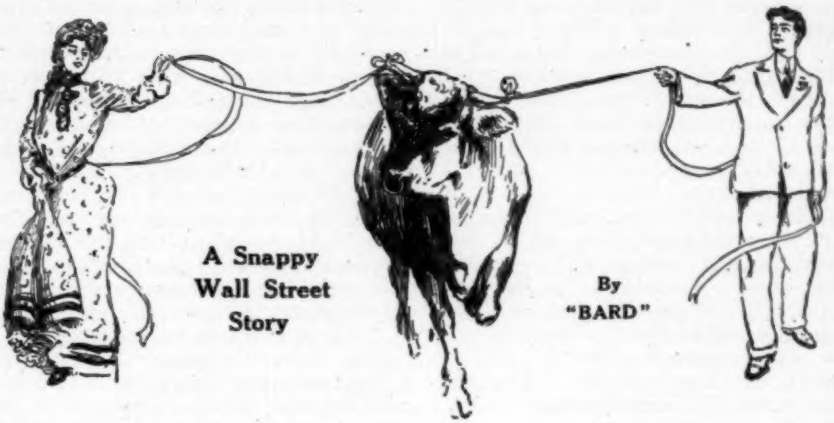
If so, write us questions briefly and they will be answered in this column or otherwise. If personal reply desired, enclose stamped envelope. Address Inquiry Department.

Our Advertising Policy

The *Ticker's* advertising pages will be limited as to number and will contain only such matter as would meet the approval of a committee composed of New York Stock Exchange, New York Cotton Exchange and Chicago Board of Trade governors, if it were possible to assemble such an august body.

Write for rates or 'phone 2148 Broad and our representative will call.

AHEAD OF THE TICKER



A Snappy Wall Street Story

By "BARD"

CHAPTER I.

RIGHT away, before we commence cutting any pages, I want to explain that I couldn't possibly have told the difference between a bucket shop and a tin pail factory on that night of all nights when Eddie Beihl dropped into my apartments with a small, yellow covered pamphlet in his pocket and a large sized idea in his head. Honestly, if I could have had my choice I would probably have taken the tin pail establishment—and left the mint.

But, you know, we learn.

However, don't get alarmed and jump to the conclusion that I'm about to put you through a kindergarten course, for I'm not. On the contrary, I give you fair warning that if you stick to the pace until the finish you'll have to stand for a mixture of all kinds of luck; but it's a remarkable story, because while true to life it's so different in its ending from the usual Wall Street wind-up.

Did you ever notice that when a whole bunch of little things go wrong something big is about due to come your way? Well, it's that way with me, anyhow. For instance, only the night before "Jock" Sommers came around to put me wise on Blue Girl for the third event, and I was out. *Out* mind you, and Sommers pounding on the door—*Sommers,* "Coin" Sommers, some of us call him, because he rakes in slathers of it out at the track. And Blue Girl finished first, at eight to one!

But the next night, when Eddie Beihl with the large idea in his head drops around, of course, I'm in. Don't tell me that we are all free, moral agents. As it happened, the elevators weren't running when Eddie arrived, because a belt had slipped a cog or a cog had slipped a belt, or—well, anyhow, I remember something slipped and all the cars stopped and stayed just where they happened to be. That measly fact prevented me from going down and out, but do you think it wilted Eddie?

Never! Any common ordinary sort of fool would balk at climbing five flights of stairs just to get rid of an idea, when he could drown it in drink without half the work, but, as you will observe for yourself, Eddie Beihl was no ordinary specimen of fool. He climbed up the same five flights that I refused to go down, and at that there was a smile on his face when he opened the door without knocking and walked in.

That's what I call Fate. Something

slips and the elevators go on strike; five flights of stairs—long flights they are, too; a fool at the top of them too lazy to walk down, and another fool at the bottom too light-headed to stay down. That's how it lines up, and if you can make anything besides Fate out of it I'd like to get onto the curve.

At the time, however, I didn't know what a really full-blooded, prize-taking fool Eddie was, and so I was rather glad to lay aside my book and listen to his vaporings.

"It's a wonder you wouldn't move back to your apartments at the club and at least be surrounded by elevating influences," he said, as he hung his hat on the corner of a framed Venus and helped himself to a cigar. "What's the matter with the hoist?" he continued, settling back in a chair convenient to the matches and striking a light.

I started to tell him that some fool thing had slipped when he interrupted. "Well, its no matter, anyhow. I'm here, and you ought to be glad of it. Say—do you want to make a cool million?"

I had just turned to fill my pipe but faced around again to take a square look at Eddie. I never saw him looking more serious, and a tremendous indignation arose within me as I thought of what *might* have happened had a less determined individual arrived with such a proposition and found the elevator service suspended. "Yes, that's right," he said, his face breaking into a reassuring smile. "A cool million."

I told him very frankly that I wasn't particular whether it was cool or hot, I'd take it; but was he feeling well?—and if so, what was the scheme?

He jumped to his feet and drew over a small deal table to a position between us, instructing me at the same time to produce paper and pencil. When I was again seated he took from his pocket the small yellow covered pamphlet previously referred to and held it up to my gaze in impressive silence. "HOW ANY MAN CAN MAKE A FORTUNE" was its title, supplemented with the sub-caption: "A Book Worth its Weight in Gold." It looked the part, all right, but I was a little disappointed to find that the secret was out in printed form, because then every fellow would be making a million or so and it struck me there might not be enough millions to go round. I said something of the sort to Eddie, but he promptly assured me that I didn't know what I was talking about, and when I demanded definite information, he spread the book open on the table, and with a slap of his hand to make it lie flat said, simply:

"Wall street."

He changed his cigar to the other side of his mouth, tilting his head accordingly to keep the smoke out of his near eye, and proceeded to explain where the cool million came in.

"All you've got to do is to buy a thing when it's going up and sell it when its going down—and you're a millionaire. Things, that is to say, stocks, are going up and down in Wall Street every day. Heretofore, the trouble has always been to know *which* way they were going, and the average speculator has had to content himself with guessing. But this little book tells you how to determine in advance whether a certain stock is going up or down, and that is the key to the whole situation."

"And you can't lose if you do as the book says?" I cut in.

"That's it," he said. "You've got the idea, exactly, and I'll bet you'd make a good speculator."

To tell the truth, it struck me the same way. I leaned back in the chair for a minute and wondered what bank I'd put the money in, but as there were so many good points in favor of several I concluded I would split it up —and Eddie thought that would be the best plan, too. Then, when the collector called for the rent—oh! the thought of it! Wouldn't I floor him? I'd just pull down the whole bunch of check books and say: "What bank will you have it on?"—not rub it in too hard, you know, but just as if I wanted to be agreeable and obliging. Yes, it was beginning to dawn on me that Wall Street was my real destiny, and the idea that I had to wait to be shown my opportunity by a rank outsider was rather provoking. But just then a disquieting thought struck me.

"Say, look a'here Eddie," I said. "If its so easy to make a million in Wall Street, why did some feller go to the trouble of writing that book? Why didn't he go ahead and make a million or two for himself and then take a trip abroad?"

"Why, he did," said Eddie. "See, he says here, right on the front cover, that this is 'written by a successful operator and one who has made his mark.' And somewhere else in the book he says that he gives his knowledge to the public—here, wait till I find it. Now. Listen to this:—'In the belief that its true worth will be gratefully appreciated and result in adding new names to the already enormous list of customers of Bradley & Company, of which commission house the writer is the head and senior member.' Don't you see he expects to get new business from the people that read the book, which would only be natural considering that he tells them how to make a fortune."

"And you didn't pay anything for it, then?" I exclaimed.

"No, of course not. It just *came* to me in the mail yesterday morning. It's simply a new way of advertising."

"Eddie, my boy, I hate to tell you, but I'm afraid that's all it is. Just a bit of advertising, as you say,' I replied. And if I looked as sad and disappointed, as I felt Beihl must have been stone blind, or he would have chased out after a doctor.

Instead, he only knocked the ashes off his cigar, and said: "No, you're dead wrong. The trouble with you is, that you're too danged cynical. You get discouraged so easily. I want to tell you that I've come here to-night to show you how we can take a million apiece out of Wall Street. *I* know what I'm talking about, and you don't. That's the difference. If you ——" but I interrupted.

"Well, tell me this; if Mr. Bradley found it such a cinch to 'make his mark' why don't he keep on making it? Why does he bother to run a commission business?"

"Just what I was going to tell you," said Eddie. "He comes right out plain in his book here and says that he found that wealth alone was not capable of making a man happy, that in order to be satisfied with himself he needed occupation for his brain; and that this system of speculating of his is so dog-on simple and easy that its operation gives the brain nothing to do. Do you follow me? It's all right to trade on this system *for a while*, for the mere act of making money in big bunches is an excitement and pleasurable pastime in itself. But after a time it grows monotonous, and then one begins to long for some occupation that has detail to it and that will keep a man's mind busy. He *says* all this in his book here, and when you've read it and studied over it as much as I have you'll understand it, too. But you can't expect to grasp a question of this magnitude in a minute."

No, undoubtedly Eddie was right. I had been too hasty, and I apologized for my skepticism and told him to go ahead and get at the real scheme as soon as possilbe. That seemed to make him feel better, and he pitched in with a degree of enthusiasm that in Eddie Beihl was really surprising. In fact, if it wasn't for the figures in the book to prove it I certainly would have thought that he was crazy, or in a dream.

It was the "margin" plan of trading that caught *my* fancy—the idea of buying a bunch of stock worth anywhere from $10,000 to $15,000, putting up only a measly thousand on it and getting trusted for the balance. Certainly that was a fine feature, and in itself put Wall Street on an entirely new basis in my estimation. Besides, I had often risked a few cases at the track, and figured that I stood a pretty good show to win. But, as Eddie doped it up, racing wasn't in it for a minute with stock speculation. For instance, he pointed out the fact that anywhere from six to a dozen horses started in every race, and to get the coin you had to pick the winner. The odds against you were, according to the number of horses, generally about ten to one, while the betting odds were seldom more than five to one in your favor. So that, as he figured it out, taking chances as a whole, odds against success at the track were

about two to one against the steady player.

In Wall Street it was just the reverse. There the chances were about three thousand to nothing that you would win. In fact, to tell the honest truth, I didn't see how a man *could* lose anything if he stuck to the system. As Eddie said:

"Suppose you figure to make a hundred dollars a day, to begin on—you'd be satisfied with that, as a starter, wouldn't you?" he interrupted himself.

I thought it over for a second and then suddenly remembering that it was only as a starter, said—yes, that would do.

"Well, then, see how easy it is. You put one thousand dollars as margin and you buy one hundred shares of stock and you sell one hundred shares. When the market goes up only one point you sell the stock you bought and you have your profit of one hundred dollars for that day. When the market goes down and you get a point profit in the stock you sold 'short' you take that, too, and there is another hundred cases made. Maybe the market would go up enough and down enough all in one day to let you out of both trades with a double profit, as you might call it. Do you begin to catch the idea?"

"Oh, yes, I'm getting on," I said. "But do you always have to play for just one point?"

"Certainly not," he answered, with just a shade of disgust. "You can go in for any amount you please—five points, or five hundred dollars on each trade, if you like. I only said *supposing* you figured to make a hundred dollars a day. But the thing is, to, play the reactions; and one-point reactions are more common, of course, than the five-point kind. If you want to make more than a hundred a day the best way is to trade in a number of different stocks all at the same time."

Certainly, I thought, that boy Eddie did say some mighty smart things at times—and this was one of the times. I said to myself that ten different stocks a day would be just about my limit, but I was afraid Eddie would throw cold water on it if I mentioned the plan aloud, and so I kept it for future reference.

And the beauty of it all was, that no matter which way the market went after you made your trades in the morning you couldn't lose anything. If it went up your long trade protected the short one, and if prices went down the short trade protected the long one. Such a cinch I never heard of in all my life before. It was so simple that it made me mad to think I hadn't thought of it myself, years before. But don't you know, that's the way it is with these simple little things. History itself is authority for this statement. Most all of the great discoveries in the world have been "little" things, and the biggest fortunes have been made out of the simplest article or device.

I was sort of mixed, though on that "short-selling" business. How the devil you could sell a thing before you had it was a teaser, and I guess Eddie was shy on that point, himself; for when I asked him about it he said it would take to a long time to explain it and even then it was doubtful if I would understand. Besides, he said, it didn't have anything to do with our scheme. "It's a settled fact that you can sell a thing short before you own it," he continued, as a sort of clincher. "And that's all that's necessary to the success of *this* scheme." Undoubtedly he was correct, so we let it go at that.

Well, we discussed the proposition in all its phases, but mostly made plans as to how we would spend the money. Midnight found us still busy in the arrangement of these little details, when Eddie suddenly rounded up onto a business basis again.

"Well, now I've given you the whole plan, and you know just what we can do with it. But it takes capital, and I'm on short money just for the present. What do you say to a half and half arrangement?"

I told him a "half and half" arrangement would suit *me*, all right, and then I asked him what he meant by it.

"Why, I think," he replied. "Considering that I have put you next to a

bonanza like this that you ought to furnish the capital and divide the profits with me, half and half. Doesn't it strike you that such a plan would be fair to both of us?"

I was simply his on the spot. To tell the truth, I was afraid he was going to ask me to put up the money and then give him *all* the profits. As it was, I sort of felt that maybe it wasn't just fair to Eddie to give him only half the winnings—the winnings on his own scheme, as it were. But he seemed to look happy, so I didn't say anything. Besides, with money coming in bunches too fast to count, what difference would it make whether he got fifty or seventy-five per cent.?

"Could I scrape together a thousand cases?"

Yes, I told him, I thought I could manage it. So Eddie took a fresh cigar and started for home, leaving behind the yellow covered book that I might the better assimilate the knowledge it contained. It must have been about one o'clock in the morning then, but I put all idea of sleep out of my head and began to get wise, by pages. I found lots of things that Eddie and I had skipped when we looked the book over together, and by three o'clock had read it through twice. But by this time I was getting used to the feeling of being a millionaire, and the excitement having worn away to a great extent, I turned in and dreamed that Eddie and I were a couple of suckers, and didn't know what we were talking about. Such an idiotic nightmare!

CHAPTER II.

Did you ever go to bed with a resolve to do wonderful things next day and then wake up in the morning to find it raining? Yes? Well, then, you know how I felt. Some rains, you know, sort of cheer you up; there's a dash and vim to them that act as a sort of tonic. But *this* rain was one of the soggy kind and it sort of hypnotized me. Every time I glanced at the book it made me think of lemons and sort of soured me, it was so yellow; and I began to feel like a "weak sister." Even after I'd taken a bracer or two (or maybe three) I couldn't quite bring myself to the point of reading it through again and so recuperating my enthusiasm. I fell to sizing up that boy Eddie Beihl, and the more I sized him up the smaller he seemed to grow and the more it rained. I got to feeling finally that I didn't care much about being a millionaire, anyhow; and I had a mean, sneaking suspicion that I was being played. As it lined up, I was to do all the work and take all the risk, and in return for this Beihl was to get half the profits I made.

I'm no lawyer, understand, but it seemed to me that there was a missing link in this contract. The cart was before the horse, or the horse wasn't harnessed up right, or something. Maybe it was just a plain case of horse on me—and it kept on raining. Lord, how it did rain! Seemed just as if it didn't have anything else to do.

I went over to my secretary to draw a fat check on my skinny account at the bank. But I drew a deep sigh, instead, and picked up a photograph. A dainty little photograph it was, too, and the girl—so I thought to myself as I sat there in that dreamy mood—was a big sight more winsome even than the picture. Notwithstanding the fact that I have a fairly respectable reputation as a cynic, I don't mind telling you that there was a time when I would have stopped at nothing to make her slightest wish a reality. I won't say in so many words that I loved her, because that's a point that really doesn't enter into this story, and its rather too personal to discuss in cold type. But here's how it started.

Some months previous, the Western Union Company transferred the operator that had been tending their station at the Club, and the new girl's name was Mignon. Of course, she had another name, too, but you'll have to fill in this blank to suit yourself. To say that she was pretty is only to illustrate the weakness of the English language—even the picture I held in my hand induced one to apologize for the general bumness of the so-called "art" of modern photography. She was an indescribably

fascinating little girl, and there you have it.

As soon as she came every fellow in in the Club commenced to send telegrams. It was most surprising, the amount of business they found it necessary to transact by wire. Appointments were made by telegraph that could have been arranged much quicker by telephone; and one fellow Harvey Greene—would actually send all sorts of messages to fictitious addresses, so when they came back he could raise a row for about a minute and end up by saying that he "would not, however, do any thing further in the matter," as he wouldn't want the W. U. C. to note that there was any trouble at *her* station.

To tell the truth, I caught the "telegraph habit" myself, but one evening I was standing at the desk before her booth puzzling my brains over the wording of a dispatch that was really a legitimate affair. Two members of the Club came up and one of them made a bluff at writing a message, calling on the other occasionally for instructions as to what he should say. Well, it turned out just as any one would expect. The other fellow, whose name was Dillon, handed out some remarks unfit for print, and there was a sudden storm. In another minute Mignon was crying, and my blood was fairly sizzling. I stepped over to Dillon and started to play the hero act by demanding that he apologize, but he cut me short with something about minding my own business. That was too much, and I was going to sail into him when his friend took me unawares from behind and started to shove me out through the door. It was a case of whirl and—Biff! More sheer luck than skill, you know, but it happened to do the business. And then there was rough house with Dillon. I saw a few stars myself, but in the end got off with a broken finger; and, if I do say it, Dillon was a shabby looking specimen of humanity in evening dress when the smoke cleared away. The other fellow, of course, they carried out—the one that didn't *deserve* what he got so much as Dillon.

And that was my introduction to Mignon. I rather disliked the position I found myself in, and for a long time I didn't send any more messages—not from the Club station, anyhow. But after I got my finger out of splints it sort of seemed natural to get back in line again, and for a time I thought I was making a success of it.

But I want to tell you there's no understanding a woman, especially a pretty, fascinating woman—a woman that can tell you one thing in a low, sweet, sad little voice and be contradicting it at the same time with her eyes. That was what floored *me*. There was something sad and unalterably positive about it—something that you felt you didn't have the heart to tamper with, and yet the provoking expression of those tell-tale eyes haunted me. Finally, in the progress of things it got so that we used to see a great deal of each other, and one evening while still in the "guessing period," I arrived at the Club to find another girl in Mignon's place and a little note in my box.

It was one of those letters that a fellow half imagines he is expected to read between the lines; but certainly the purport of what was written there in ink was a disturber. She had, herself, applied for a transfer "because she couldn't stand it any longer;" and I was to please forget about everything and be so kind as to make no effort to follow or seek her out in her new location.

The change back to "confirmed cynic" was, so I thought, most natural; but I have, hundreds of times since then, realized the erroneous nature of this impression. So now you can perhaps better understand why I looked at the little picture before me instead of writing a check for one thousand bones. You may think I'm get ting this out of my imagination, yet it's a fact, that while I sat there gazing at that demure little face the room began to lighten up; and glancing out the window I saw that it had stopped raining. In another minute I had filled out the check and, perhaps an hour later, stood at the cashier's window in the office of Bradley & Company, Commission Brokers.

I told the cashier that I had read

their little book and concluded I wanted to do business.

The cashier smiled.

He also took my check and gave me a receipt—and I looked around for the paying teller's window out of which later on I was going to take a pair of millions. But this particular bank (they also styled themselves Bankers and Brokers) didn't have any Paying Teller's window, and I supposed at the time that it was merely an oversight. Afterwards, however, I discovered that it would have been a useless arrangement. Tell you what it is, you can trust a man to understand his own business and its needs and disneeds, every time. A paying teller's window *here* was certainly a *dis-need*.

Out in the Traders' Room an awful lot of hollering was going on and I concluded to get next. I walked in and I guess my good clothes gave me dead away as a new-comer in *that* place, for every one of the fifteen or twenty men standing or sitting or pacing about the big room looked at me as if he thought I might be the advance agent of a Jerome raid, and then continued his occupation of getting rich. I took a seat at the rear of the room and busied myself trying to guess the meaning of the abreviations on the quotation board. Presently a fellow with a copious beard and a bald spot showing beneath his hat brim planted himself in a chair beside me.

"Cleared up nicely, didn't it?" he said by way of being agreeable. And I hastened to assure him that his assertion fully merited my approval. I added a guess that we would probably have bright weather from that time on until it rained again. With a show of intense wisdom he started to agree, and then looked sort of funny. It was rather a hard tumble and he was a bit slow picking himself up. Pretty soon he said:

"What do you think of the market?"

"Very poor, very poor," I replied. "There are some stocks there that will make a lot of money if bought now, and then, again, there are others that I wouldn't touch with counterfeit money." And, say! You would 'a died to see the way Whiskers brightened up at that. Must 'a thought he was up against the real thing, I guess, for he came back at me with a double header.

"It seems to me," he said, pulling at his undergrowth until I could hear the roots crack; "that Brooklyn ought to *bulge* a little on the favorable action regarding the franchise tax. But what to make of that there Mop I 'clare I don't know. It looks sort of weak to me—wouldn't *you* say so?"

I looked over at the board for a cue of some sort but in all that mix up of "A.Pr."—"U.S.S." and about forty more Chinese monograms I didn't see anything that looked like "Brooklyn," much less a mop. And so I said, after due deliberation:

"Well, I can't say that I agree with you on that. The franchise tax is a good thing, undoubtedly, but I'm afraid Brooklyn will disappoint you. And as for Mop, I think it's a regular cinch."

"To buy it, you mean?"

"Certainly. To buy it," I answered. "Why wouldn't you buy it? Thare ain't another stock on the board there looks so good as Mop."

"That's right," he said. "She does look purty strong—I think I'll jest help myself to a few shares of that before it gits away from me." And he went over and said something to the man at the order window. When he came back he had a white and pink slip in his hand.

"I let 'em have a little of that Brooklyn, too," he said, and then settled back to watch the board, cat-fashion. I went over to look at the ticker and some news bulletins, and after wading through about a mile of tape I sat down again and tried to figure out what it was all about. I noticed after awhile that there was pretty much of a stir in the room. The men at the tickers were shouting out all sorts of prices and things, and the board boy was jumping around like a beetle in a hot pan. I noticed that Whiskers was circulating around sort of lively, too, and every time he would say something to some one the chap addressed would look over in my direction. Pretty soon Whiskers himself came around, all smiles. "Well, say, it was

all right, that tip of yours, wasn't it?" he exclaimed. And then I learned that Brooklyn had "slumped" three points, while Mop had gone *up* more than half as much.

Was I a wizard? Well, just ask any one in the room—for Whiskers had told everybody about my tips and I guess they thought it was a regular thing with me. Finally, I concluded to make a little money for myself, that is, for *us*—Eddie and I. So I walked up to the window and said I wanted to sell a hundred Brooklyn short, and I was just going to tell him to buy a hundred, too, when he interrupted and wanted to know who I was and if I had an account there. I explained that I had just opened an account with them and he stepped into the other room to investigate. Pretty soon he returned—and by the way, he wasn't so uppish when he came back. I thought it rather strange, then, but I know why, now. He told me, however that as I had not been personally identified and had deposited only an individual check I would have to wait until the check went through before they could accept any orders. He was very sorry and hoped—But I told him it was all right, that I was in no particular hurry to begin operations; and after sitting around until the market closed I bought all the papers I could find that had anything in them about the market and went home to "study up."

That night Eddie dropped around to get his share of the winnings. He was disappointed. I could easily see when I related what had happened, but he was dead game and took the blow manfully. We read the Yellow Book through again, and then Eddie went off to meet a fellow that was going to sell him a steam yacht on the installment plan, to be paid for out of his share of *our* winnings. I asked him if the fellow had two yachts to sell, and he said he would find out. Going down the elevator he called back and said it was "finished in mahogany and had real brass trimmings." When I had returned to my rooms and commenced to sweat blood over those market reports, it began to dawn on me that there were some other things that had real brass trimmings too. I couldn't help but picture the contrast: Eddie Beihl chasing around after steam yachts while I worked away like a ditch digger on those cussed tables, so's to be able to earn the money to pay for them. By eleven o'clock I had every danged quotation by heart, and could tell the difference between "So.P." and "St.P." without looking at the map. I shoved the papers onto the floor, hung my vest on a corner of the bed and threw my collar and cravat on the secretary As they slid along its polished surface they collided with Mignon's picture and upset it. I picked it up, dropping into the chair as I did so.

Time seemed to fly on wings. Through the open window floated the far-away echo of midnight chimes; and her face was growing dim. The next thing I knew I raised my head from my arms with a start. The picture was still in my hand. Just then through the same open window came again the echo of the chimes on the still night air. One,—Two. That was all. I turned into bed and dreamed that I sailed down the middle of Broadway in a steam yacht and anchored at the Stock Exchange in a puddle of watered stock. And at that I guess it wasn't so very much of an extravanganza.

When I entered the offices of Bradley & Company next morning I was distinctly the Man of the Hour. Every one wanted to know what I thought of this stock or that, and old Whiskers asked if I had any ideas on wheat. I filled them full and made a lot of commission business for the house. After awhile I decided to fire the opening gun, and sauntered up to the window. Quite a number edged up along side of me—it was plain to see they all wanted to wear diamonds.

"Buy me one hundred U.P.," I said. And the clerk called the order through the phone. There was quite a stir among the rubbers standing round, and old Whiskers sung out:—"Buy twenty U.P. for *me*."

When *his* order had been called through the phone, I said: "*Sell* me

one hundred U.P." And the clerk grabbed the phone and yelled: "Cancel that order to buy a hundred U.P. and sell a hundred, instead."

"Who's that for—me?" I asked.

"Yes, sir. I understood you to say *buy* at first."

"Well, that's all right," I answered. "I *want* to buy a hundred and sell a hundred, too."

The clerk turned pale. "Why, you can't do both," he said.

"What's the reason I can't," I asked him. "I guess my margin's good for it, ain't it?"

Then he explained that I would be neither in nor out of the market on such a deal. In fact, as it began to dawn on me, I could see that I wouldn't exactly be anywhere. And when I told him that his own book advised trading that way he said it meant to buy one stock and sell another stock. Oh, no; you couldn't both buy and sell the *same* stock. What was I thinking about?

Well, sir, there must have been a hundred men standing around me by this time. Honest, it seemed as if there were a thousand. I felt so dang-cheap I could have sold myself short—and I don't believe there would have been any takers at that. I backed out through the crowd and sat down. By and by, when no one was looking, I slipped out, and when I rounded up at my apartments that night I told myself that if Eddie came around and said anything about a steam yacht with brass trimmings I would brain him. I put the Yellow Book on the dumb waiter and sent it down to the engineer. Then I got an evening paper. U.P. was down just three points even from where I sold it, and so I was three hundred to the good, anyway. But I was willing to bet old Whiskers was sore, because *he* bought it, thinking to wear diamonds, you know. I didn't care to see Eddie at all that night, so I went out and put up at a hotel. The next morning I went down to close out my U.P. I was going to walk in like a real professional and tell them "to cover my shorts." But there was nothing doing. On the door was pasted a white paper, and scrawled across it was the information that "this business is in the hands of John Wilson, Receiver." And that "all accounts will be adjusted with the greatest despatch possible."

Perhaps you've been there before, so I won't bring up painful recollections by going over the ground in detail. When it was too late I found that Bradley & Company were members of no exchange—a piece of information that cost me rather dearly, but we all have to learn. And I guess all things considered, that I only got my just deserts.

But, say! It was worth a thousand dollars to see the expression on Eddie's face when I "broke the news to Mother." He had actually bargained for a steam yacht, and he had a photograph of another yacht with him that he wanted me to buy. It was very hard, but I told him that for the present we would have to do our sailing on ferry boats; and he went away a sadder but wiser man, to cancel his bid for the mahogany finished cruiser with brass trimmings.

The next chapter describes how, by clever transmission of genuine inside information, an exciting and profitable deal in Sugar is consumated.

INVESTMENT DEPARTMENT

More than the Savings Bank Rate

How the depositor may increase his income by doing for himself just what the bank does for him.

I heard of a man today—a bright brainy business man—who had all his surplus, $70,000, spread around among savings banks in various States.

Now it seems to me that any man, shrewd enough in his own business to accumulate that amount of money; who can so widen the gap between receipts and expenses that there's room for a well-feathered nest and a good-sized nest-egg, should be able to grasp a few simple facts pertaining to his income.

An amount, such as the above, in order to obtain the full benefit of the interest rate paid, must be divided among twenty or more savings institutions. Suppose one of these should reduce its rate from four to three and one-half per cent.; the depositor would very quickly transfer his balance to another bank which paid the higher rate.

So let us tie to the fact that one-half of one per cent. is sufficient incentive for him to emerge from his financial fog.

Savings banks are not run for profit, but they provide a lot of people with good jobs; they do not pay dividends, but they accumulate vast surpluses.

If the savings banks could not invest the depositor's money at a higher rate than 4 per cent., it obviously could not pay that rate on his deposit.

So the difference between the 4% he receives and the (say) 4½% the *bank* receives, represents the ½% which the depositor pays for his ignorance regarding investments.

Nothing in this must be construed as reflecting upon savings banks or their methods; they represent one of America's strongest financial bulwarks.

But the fact that they are intended for persons of small means and little business ability is shown in their restrictions as to the amount of individual deposits.

Why, therefore, should a twentieth century business man with all the existing means for investigation at his disposal take advantage of what is primarily a shelter for the widow, the orphan and the ignorant or unsophisticated person.

If you, Mr. Manufacturer, are so keen to raise your rate from 3½% to 4%, why not go further and raise it to 4½% or perhaps 5%?

Do you realize that, as a depositor, you leave the matter of choosing safe investments for your money solely in the hands of the savings bank officials and that these very officials, in turn, depend to a great extent upon experienced bankers for advice and guidance?

The Banker's Function.

The banker maintains an organization which examines closely into the legality of a bond issue, the physical and technical position of the company; its past and present earning power; its future possibilities. He buys bonds by the million dollars' worth, and sells them in blocks of from five thousand to one hundred thousand.

Thus the house assumes the responsibility and risks its own money, sometimes to the extent of many million dollars on the strength of reports and opinions rendered by its experts.

With all the average man's resources, he could not possibly investigate for himself to the same extent. The cost would be prohibitive where only a small lot of bonds was involved.

But he can avail himself of the advice and counsel of these bankers just as the savings bank official does.

In a legal matter he would be glad to put himself in the hands of Joseph H. Choate or some equally eminent authority. Why, then should be hesitate to invest funds *himself* through such bankers, when others have heretofore done it *for him* at *his* expense; viz., the difference between what the bank received in interest and what it paid him?

The main point in such a move lies in choosing the banking house on which one may rely.

Here is a question of vital importance —one which requires experience, a knowledge of past records and present methods of the various houses.

Some bankers specialize on certain classes of bonds, others handle all issues.

In choosing your banker, it is important that you decide to which of the following classes you belong:

1. Savings bank depositors with no knowledge of the bond market and no business experience.

2. Those well trained commercially, but not posted on financial matter and therefore unfamiliar with bonds.

3. Those who buy bonds or other securities in a desultory way, but who are uninformed in the science of investment; viz., making capital pay the highest rate of income commensurate with safety.

How the Depositor Should Proceed.

Those in class one should (if they have $1,000 or upward on which they would like to receive more than 4%) put themselves solely in the hands of a long-established banking house, noted for its integrity and conservatism.

Such a house would doubtless recommend to this class of purchaser those issues which are not only a legal investment for savings banks in New York and Massachusetts, but are accepted by the Treasury Department of the United States, as security for the government's money placed on deposit with certain banks. These bonds are, therefore, classed with U. S. Government bonds so far as safety is concerned.

I have before me at this moment a list of such bonds, some of which net the investor 4¾%. If they're safe enough for the government, they're safe enough for you.

Why not get the other ¾%?

The Business Man's Method.

Those in the second class—business men, familiar with the commercial credit system, the mercantile agency report—the men who read the papers and know what is going on among the railroads and industrials generally, should, with safety, obtain a still higher rate for their money. Such a man is capable of investigating the credit of a property, can with a little study, understand the company's last annual report, compare it with recent years, obtain the opinion of the cashier of his own bank and in many ways assure himself as to the soundness of an investment recommended by a banking house.

The Unmethodical Way.

Those who comprise the third class buy a bond just as they would an automobile—because it's something they want. Such people give no thought to the fine points or the possibilities in an investment, but on their own immature judgment or the advice of a friend, pick out an issue, buy it and put it away till they need the money or think they see something better.

The writer once met an experienced lawyer, executor of a large estate, who had for years been buying gilt-edged bonds with no other consideration except the safety and actual yield. I asked why he did not buy issues, which, while absolutely sound, did not yet enjoy quite as high credit as some of the old standbys? These, I explained, were secured beyond question, it being only a matter of time when they would rise to a higher level. Thus there would be an enhancement in the value of his principal, resulting in an increased yield. To my astonishment he had "never thought of that." He was like a lot of other people who go out of their way to make a dollar in their own business, but utterly

neglect the income-producing value of technical investment knowledge.

How May We Aid You?

The Investment Editor of this magazine desires to be of service to all classes of people who have money to invest in bonds and who wish to secure maximum protection and income. We can do this best if you will tell us what you wish to know about the subject. Do you crave enlightenment on elementary questions, such as "What is a bond?" Is it something regarding the various classes of bonds? Are you a widow, orphan, guardian, business man, experienced or inexperienced in investments? Do you know what you want and want to know where to get it, or do you want to know what you want in this line?

If you will write us on any point pertaining to the question of investments, we cannot only serve you individually but by the aid of your communication and others do the greatest good to the greatest number.

Address: Investment Editor, and enclose self-addressed stamped envelope if a personal reply is desired.

One Chicago banker made a profit of $700,000 on a panic day by promptly investing his surplus in bonds, stocks and securities of which he *knew* the intrinsic value. What should such a man care for panic prices except to buy at them, knowing that the real price would again be their real value within a few days.

"Dad," said little Reginald, "what is a bucket-shop?"

"A bucket-shop, my son," said the father feelingly, "a bucket-shop is a modern cooperage establishment to which a man takes a barrel and brings back the bung-hole.

Can you suggest any new features or departments which would make this magazine of more value to you?

We'll make it as good as we can but perhaps you can help us make it better.

Correspondence Courses on Investments.

COURSE 1. *An Elementary Course for those desiring to save money.* Covering the Advantages and Methods of Keeping a Bank Account, a Study of Mortgages and How they may be Obtainel, the most Economical Forms of Life Insurance and How Conservative Investment Bonds may be Selected and Purchased. Actual Bonds are sent the student to handle and he is taught all the details connected with purchasing them so he can feel "sure of himself" and be fully capable to make selections and purchase for his own account. Terms: 25 weekly lessons, including all books used, $25.

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TRADING IN GRAIN

Ventures of Some Clever "Pit" Operators

BY THOMAS DUNCAN.

Of the Chicago Evening Post.

Trading in grain acquaints one with the customs and habits of every civilized people in the world. The operator learns which countries grow enough for their own consumption, those which raise a surplus for export, and the others less fortunate which import material for their daily bread, in part at least, from nations more happily circumstanced.

This, the most highly favored country in the world, stands first in the volume of its cereal exports. The United Kingdom has the unenviable pre-eminence of being the heaviest importer. That interdependence of the two nations is a stronger bond of unity than the original tie of kinship. The domestic requirements of the United States, however, are growing apace with the natural increase of population, and in time no more wheat will be grown than will suffice for home consumption.

The price of wheat is a world-wide proposition. It is not to be hastily concluded that because "green bugs" this summer fattened on the crops of Texas and Oklahoma, and even ate ugly holes in the excellent grain they raise in Kansas, there must be scarcity and higher prices in our markets.

This is an important matter for consideration, but it has to be considered in connection with the production in other States, as these might produce enough of a supply to compensate the country as a whole for the deficiencies.

Take for instance this year, had the other surplus-producing countries of the world grown an extra abundance such as would have enabled them to undersell the farmers of this country in the markets of the importing nations, present prices would not prevail.

Value of Personal Observation.

Americans traveling in Europe last winter experienced a degree of cold that was ominous of disaster to winter wheat in Germany, Austria, Hungary, Russia and the Danubian provinces. A well-known member of the Chicago Board of Trade was one of these. He knew what would be the effect of such weather on the crop at home, and could see no reason why nature should work differently in the countries he was visiting. The grain men and even the farmers of the continent did not appear to appreciate the danger to their crops.

Upon his return in the spring he was sure of his ground after learning the poor prospect for an average crop here, and being impatient to "get in," telegraphed buying orders from New York to his brokers in Chicago. He has had no reason since to regret his course.

It does not always happen, however, that people are as fortunate as this trader in diagnosing the market from conditions coming under their own observation. Instances frequently occur in the experience of Chicago commission men, who receive orders from country customers, reading as follows:—"Buy ten December wheat; continuous rains in this and adjoining counties, ruining the wheat in shock." Perhaps within twenty miles whence such telegrams are sent the weather may be perfect for the in-gathering of the crop.

Even successful and experienced speculators are often unduly influenced at times by their immediate surroundings.

Appearances Are Deceptive.

This happened not many years ago to two of the most successful and shrewdest of their number, one of whom owned an extensive ranch in Minnesota. The owner of the ranch and his companion left Chicago in the fall of the year for two or three weeks' shooting and fishing. At the time, interest in the market largely cen-

tered in the result of the Spring wheat crop, which was rather late. The winter wheat yield had been indifferently poor, and it was felt that if any accident happened to the other, prices must advance. On the other hand, the demand for export was inactive.

Harvesting of spring wheat was in progress when they left Chicago and reports of the crop rather favorable. The weather while they were at the ranch turned cold and a blizzard developed. It "blowed and it snowed," or, as the old Yankee expressed the situation, "it blew an' it snew too" till the shocks of wheat in his fields looked like snowdrifts. After a week of such weather the owner of the place and his companion concluded that his wheat would make excellent manure for his next crop. They found that similar conditions prevailed over an extensive area in that section of the spring wheat country, and both yearned for the fine dry contract wheat in Chicago elevators.

They hastened home and bought heavily. Others had heard of the disaster and also bought. For a time the market was firm, but it soon weakened. While the home crop was a poor one that year, it was more than sufficient for domestic requirements and the foreigners needed but little of it. They would not buy at the prices asked.

The two eye witnesses of the spring wheat disaster, afterwards confessed that it cost them each $100,000 before they cried "enough" and sold their wheat.

An Outrageous "Fluke."

Talking the other day with a veteran in the "Pit," he confessed to the writer that at the very beginning of his career he made what in those days was considered a handsome fortune, as a result of pure accident, or, as he himself called it, "an outrageous fluke." Common report when he started on the deal, was to the general effect that foreign wheat crops were poor and the home production equally deficient. General opinion strongly favored the bull side of the market. Being young and impressionable, he went with the swim—not a bad rule to follow in a general way—and he was very lucky in his first few ventures. His luck stayed with him so persistently that he ceased to ask advice from experienced traders. Instead, old hands in the business sought and consulted with him.

All he could tell them of his own procedure was his thorough conviction that the world had not enough wheat to go around and the fortunate people who had some when the pinch came would be able to get any price they cared to ask. That did not prevent him selling part of his holdings occasionally, but his good fortune was such that almost invariably he was able to replace for less money what he had sold.

He had no special information for his guidance, but others thought he had. They saw how the market swung his way when he got in or out. He was living high, and the money made so easily he spent lavishly. He was a firm believer in the saying of an old "rounder" of his acquaintance, that "the best of all ways, to lengthen one's days is to steal a few hours from the night." By a too faithful adherence to that rule of life, he was taken ill and while hovering between life and death, gave orders to close all his trades.

His wheat was marketed within ten days of the culmination of the bull deal, and before he recovered his health prices went all to pieces. He cleaned up about $200,000, and recuperated by touring the world.

There never had been any real scarcity of wheat as he imagined and the strength of the market during his deal was, as he afterwards learned, entirely on account of an operation for a rise, engineered by the late B. P. Hutchinson, who was then in the heydey of his extraordinary career.

The narrator of this event in his life's history accounts for many of his subsequent less fortunate ventures owing to a lack of supreme confidence in his own opinion, and loss of nerve after ascertaining how utterly mistaken he had been as to the cause of his first success.

The Great Test—Knowing When.

One hears almost daily of young men with little but their luck and nerve as capital to start on, making their "pile" in a few months, but the trouble in most cases is failure to know when and where to stop.

George Phillips, who a few years ago was acknowledged King of the Corn Pit,

and for a time held that market in the hollow of his hand, could have retired with about $500,000 made in two years' successful speculation in the "golden grain." He had no capital to start with, further than the reputation of being a careful and conscientious broker in the "Pit." He, however, failed to catch fortune at the flood, simply because he stayed in the game till his luck changed and he failed.

There is no royal road to success in grain trading. The greatest speculators have been those who were quick to see when they had got hold of the wrong side of a deal and made haste to get out with as little loss as possible. To this they added the faculty of feeling that they were right, when such happened to be the case, and the courage to press their advantage as does a bold general when his enemy is on the run.

Your advertisement placed here will be read by one hundred thousand speculators and investors

Dignity and Advertising

From the Wall Street Journal.

Every new invention and every new device for the benefit of the world is opposed by certain people on the ground that it is "undignified" to accept it. In the first days of the railroad there were many people who held that no self-respecting lady or gentleman would ride on the steam cars. It was undignified to ride in anything except a stage coach or private conveyance. There was a time when many business men refused to use a typewriter, on the ground that it was undignified to send out anything but a written letter. For many years it was considered to be undignified for a banker to do business in anything but a dingy, uncomfortable office.

So to-day there are multitudes of bankers who regard it as undignified to advertise. Now advertising is practically a modern discovery. Like the telegraph, the telephone, and the cable, advertising is a great agency for the distribution of intelligence. It is one of the agencies that bind together the markets in a close relationship and bring production and consumption nearer together. And yet many people who use the telegraph, the cable, and the telephone, will not use advertising in any adequate or scientific way, because to their mind it would involve a loss of dignity.

The London Stock Exchange to-day prohibits its members from advertising, and the *Economist,* in giving an account of the reasons for this prohibition, says that "the dignity" of the Exchange would not be increased by the power to advertise. Thus dignity steps in between the members of the London Stock Exchange and one of the greatest of modern methods for the development of business enterprise.

In London, however, the question is being agitated of changing the rules of the Exchange so as to permit its members to advertise, and in Wall street it is noteworthy of late that there has been a marked increase of attention given to this subject by banking houses. While greater freedom has been enjoyed by the bankers and brokers of Wall street than by their brethren in London, yet the same plea of dignity has stood in the way of their employing in any large way the art of advertising.

They might as well abandon the telegraph and go back to the mail; they as well abandon the ticker and go back to the method of carrying quotations by hand from office to office; they might as well abandon the telephone and return to the practice of personal interviews; they might as well abandon the typewriter and go back to the method of writing all their own letters, as to refuse to take advantage of the tremendous opportunities of advertising.

The reputable banking house, the reputable promoters, the reputable brokers who will not adopt the art of advertising as now practised in the highest and most scientific form, are simply playing into the hands of dishonest promoters and manipulators.

Financial advertising ought to be one of the greatest agencies for the mobilization of capital and the promotion of enterprise which the world has produced. It certainly will be, and it is only a question of time when all the bankers will be forced to adopt it. Those who get first into the field will display the highest wisdom and obtain the largest profit.

Financial advertising, however, must of necessity be truthful advertising. It should have for its motto the publication of exact truth. The individual who advertises falsely, who exaggerates the facts, who attempts in any way to dispose of goods under false pretenses, should be summarily dealt with. Upon this basis financial advertising could be made a stupendous power. It would inevitably become the connecting link between surplus income of the country, and the securities representing the nation's vast enterprises.

Messrs. Hubbard Bros., of Hanover Square, have issued a very complete little booklet on American Cotton Crop Movements, a copy of which they will send to those interested.

This Magazine---Its Aim

THE TICKER is issued monthly by the Ticker Publishing Co., Richard D. Wyckoff, Prop., 45 Exchange Place, N. Y

All business is speculation, and speculation is a business. Ninety-five per cent. of all business men fail, even in the lines they understand best. Ninety-five per cent. of those who speculate lose money —chiefly because they scarcely know the rudiments (much less the technique) of money-making in the market-place.

In many other vocations the student is guided by text books, coached by experienced teachers, put through a regular course of training and serves an apprenticeship before launching out for himself.

But the average man gains his knowledge of the markets from his daily newspaper and learns to swim the sea of speculation or investment by jumping overboard.

THE TICKER is bearish on the last 95 per cent. above mentioned. It believes that by collecting, selecting and boiling down all obtainable data on the subject and presenting it in predigested form to its readers, this 95 can be hammered down toward the 90 mark.

Therefore, whatever may appear on these pages will first be measured by this rule:—

$ $ $ $

Will this article help put dollars in the pocket of the man who reads it?

Our contemporaries occasionally touch this field. We propose to *cover* it. Others print news, gossip, opinions; we will print the HOW of the markets.

We call this, our first,

THE NUTSHELL NUMBER.

It's small and full of meat.

The leading article alone should be worth thousands of dollars to any one studying the science of profit-production in the markets.

Even the story pages are replete with suggestions, invaluable to the novice and absolutely true to Wall Street life.

HOW THE SUBSCRIBER WILL BENEFIT.

Each number will be crammed with examples, suggestions and illustrations, showing the carefully drawn plans, the shrewd methods, the accurate systems used by successful operators in all markets. There will be pen portraits of people who are doing things, making money in stocks, bonds, cotton and grain; the successful operators on the floor or in the office—master mechanics whose work may be watched with profit.

We have made the subscription price lower than most other financial publications—three dollars a year—a cent per business day.

CO-OPERATION'S THE WORD.

And just as we will give you many times your money's worth, we want you to aid us in making this magazine a mine of profit-making, loss-preventing information. You can do it in this way:— Write us briefly just how *you* think we might improve this magazine; how we can make it more valuable to the average trader and investor. Tell us where we are lacking. Your letter, story, the experience of yourself or your friend, a clipping—anything that is of general interest, will help us to set a higher standard with each issue. Thus *you* will reap the advantage.

Then tell your friends about us and the work we are trying to accomplish. Ask them to join the society of those who

"Learn to read the tape by reading THE TICKER."

DO IT NOW.

To get the *full* benefit don't miss a single number. The first twelve will, we believe, when bound, make a classic on the subject. Send in your subscription now —while you think of it.

THE PUBLISHERS.

ATWOOD VIOLETT & CO.

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MEMBERS NEW YORK STOCK EXCHANGE *NEW YORK COTTON EXCHANGE*
NEW YORK COFFEE EXCHANGE *NEW ORLEANS COTTON EXCHANGE*

CONTRACTS FOR FUTURE DELIVERY OF COTTON, BOUGHT AND SOLD ON THE NEW YORK, NEW ORLEANS AND LIVERPOOL EXCHANGES

COTTON LETTER

NEW YORK, October 15, 1907.

During the 38 years that our Mr. Atwood Violett has been closely identified with the leading cotton trade, at New York and New Orleans, there has never been a time when the situation was more puzzling than that of recent months.

To begin with, the season started with a very early planting, and under the most favorable conditions for farm work. It was, therefore, natural to expect a substantial crop, and one of high grade and early maturity, but the tables were turned completely by the killing frost in the Spring, after the young plant had sprouted, compelling replanting over a large part of the cotton area, and thereby causing the stalk to be as late in its growth as it had been otherwise beforehand.

The change brought about a gradual advance of 3c. per lb. in the contract markets of New York, New Orleans and Liverpool, resisting all the pressure that was brought to stay its course. Then followed phenomenal recuperation of the sickly plant, recovering under unusually fine conditions in the Eastern section of the cotton belt during the period that usually marks rapid deterioration.

With this change in the outlook, estimates of the yield have increased from famine figures, until now the consensus of opinion is that the total will be sufficient to meet the world's requirements, in the way of consumption of the raw material (particularly of American cotton, which represents about 85% of all kinds grown), especially as the wave of pessimism now passing over financial circles, tends to check the placing of orders for cotton goods as far ahead as was done during the past season.

Now, owing to the lateness of the crop and the holding policy of the grower or planter, the amount being brought weekly into sight, has naturally been smaller than it would have been under normal conditions, and it is difficult, therefore to make any estimates of the yield of the current season, by comparison with other seasons.

Reports from the cotton gins of the South made by the Census Bureau of the United States Government, are now considered the best authority in measuring the size of the crop in advance, but these reports, too, are affected by the lateness of the crop, and are of little value so far this season, as an indicator of the eventual outturn.

With the brighter prospects for an average yield, the price of cotton has declined, until it is now nearly 2c. per lb. less than a few weeks ago, and affords a better basis for investment by those who believe in ultimately higher prices, although for the time being, sentiment, perhaps, is mostly in favor of still lower prices. Short selling, however, is being done with caution, owing to the possibility of killing frost occurring in the cotton belt at any time in the near future. With that date fixed, closer calculation can be made as to the outcome, and the market will take its course accordingly, but for the present, it is a two-sided affair, liable to moderate fluctuations either way, pending any positive data, but with the better basis for approximating the yield, we expect to see a broader and more active market, with frequent and probably wide fluctuations, which later, after all, is the feature most attractive in any speculative market.

ATWOOD VIOLETT & CO.

N. B.—Our daily market letter will be sent, and any desired information given, upon application.